

# [International marketing strategy](https://assignbuster.com/international-marketing-strategy/)

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The MNCs fills the savings gap between the desired/targeted investment and the domestically mobilized savings. If a country experiences a deficit between the growth of its required rate of saving and the domestically mobilized savings, foreign direct investments by multinational companies will help it achieve the target economic growth.

They also help reduce or even eliminate deficit in the balance of payments by filling the trade gap. MNCs benefits the host’s labour by providing higher wages and the consumers by providing a variety of higher quality goods at lower prices. It also fills the technological and management gap by providing technological skills, entrepreneurial abilities and management experience in which the local counterparts can adopt by training programs or learning by doing. The Internet and social media sites enable businesses to increase their international accessibility and thus, attain new customers living far from the firm’s physical headquarters. The Internet possesses many online promotional tools that a company can implement to attract and maintain the attention of markets globally, including e-mail campaigns, engine placement, banner ads and link programs.

There is a need for efficient exchange of information between the company and its distributors, which enable all the parties to respond quickly to change and cature new opportunities. The Internet communication presence of global data networks that are secure makes it easy to link partners from all locations in the world. Exporting the most well-established and traditional forms of venturing into foreign market involves marketing goods produced in a country into another country. Licensing is an arrangement where a firm in a certain country accepts to grant a company in another country the permission to use the processing, manufacturing, the know-how or trademark of the licensing company. Joint venture is an enterprise owned by more than one investor, where each investor has an equity stake in the firm. Ownership is the most extensive strategy whereby the firm has absolute participation in terms of management effort and capital commitment.

The various options available for market entry vary with cost, risk associated with it and the degree of control that can be exercised over the company. In that case, the simplest form of market entry strategy is to export using a direct method such as an agent, or an indirect method, for instance, counter trade. The advantages of standardization are the following. There is an international uniformity, which means that customers are assured of the availability of the product wherever they go. It reinforces consumer positive perceptions of the company’s producct, if a company provides a quality product; the reputation of its product helps it sell more.

Cost reduction associated with manufacturing large quantities gives economies of scale. Quality of the product is improved since the company is able to concentrate on the single product and invest in research and technology to improve it. The disadvantage is that it highly relies on economics of scale while some countries will implement trade barriers. In addition, the thought of same product everywhere you buy it eliminates differentiation and thus other competitors will come up with unique featured products and reduce the market. Lowe and Doole (2008), state that in the last fifty years, multilateral trade flourished and several institutions formed to promote international trade; such as the IMF, World Bank and WTO. However, the main trading regions around the world have continually developed.

These include the formation of the EU and Economic Monetary Unit (EMU), which have changed the global competitive landscape. Other areas currently developing formally include Asia, the Americas and the Pacific. The members of ASEAN expect to complete the formation of ASEAN free trade (AFTA) zone by 2015. The America’s FTAA aims to reduce trade barriers among American nations excluding Cuba. Such step will move the international trade to more of regionally focused trading patterns.